



WORLD HEADQUARTERS  
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May 8, 2003

**BY FACSIMILE**  
**(202) 225-2908**

The Honorable William M. Thomas  
2208 Rayburn House Office Building  
Washington, DC 20515

Dear Congressman Thomas:

I am writing to you on behalf of the H J. Heinz Company – a global leader in the food industry with over \$8 billion in annual sales, 40,000 employees, 2600 in California, and some of the best brands in the business including Heinz ketchup, Ore-Ida potatoes and Boston Market frozen entrees.

Today, we want to express our strong support for the President's growth and stimulus tax package.

In particular, we believe that the elimination, or, at a minimum, the significant reduction of the double taxation on dividends is one of the most economically potent actions Congress could take to stimulate the economy. As has been shown time and time again, taxing an activity decreases the incidence of that activity. Allowing a double taxation on dividends then, not surprisingly, limits the incidence of dividend payments to individuals and provides little incentive for re-investment. The proposal to significantly reduce the tax on dividends will not only literally pay dividends to investors but will also lift the stock market by promoting investment and, therefore, drive growth.

Additionally, the elimination of the dividend penalty will bring the United States into a more competitive position as compared to other OECD nations — currently, only three, including the U.S., do not supply relief for the double taxation of dividends. The current tax policy creates a bias towards debt, as the interest is deductible. Free market forces, not a regulatory regime should guide such corporate decisions. With the bias removed, sound and accountable management can again lead.

Further, the plan puts more money in the pockets of Americans by accelerating tax relief, which includes accelerating marginal rate reductions, additional relief for middle-income families by reducing the marriage penalty, increasing the child tax credit (and accelerating payment of the increased amount) and expanding the amount of income taxed at the lowest rate.

In the coming week, the House of Representatives will consider a stimulus package that will, if properly constructed, launch sustained growth in the nation's economy and create jobs. We urge you to continue your support for the Growth and Stimulus Package, and in particular the dividend tax cut as a "win-win" for the American people.

Sincerely,

Catherine A. Caponi

Director – Government Affairs and Economic Development